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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002441

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SUBJECT: PFP CHAIRMAN JAMES SOONG WEIGHS IN ON DEFENSE
BUDGET, DOMESTIC POLITICS

Classified By: AIT Director Stephen M. Young, Reasons: 1.4 (b/d)

¶1. (C) Summary: The Director on July 17 urged PFP Chairman James Soong to show leadership in breaking the political deadlock blocking arms procurement, pointing out that U.S. decisionmakers are beginning to question Taiwan's commitment to defend itself. Soong made no specific commitments but agreed on the need to depoliticize the defense issue. Soong said he was now taking a "wait-and-see" position regarding a second recall vote against Chen and the PFP probably would not support a no-confidence vote against the Premier. Soong told the Director he had decided to run for Taipei mayor as an independent and continued to hope that the KMT would give him the mayoralty by pulling Hau Lung-bin out of the race in exchange for Soong's promise not to run for president in ¶2008. End Summary.

Defense Budget

¶2. (C) In a meeting with People First Party (PFP) Chairman James Soong on July 17, the Director expressed concern that Taiwan's prolonged delay in resolving the defense budget issue was adversely affecting political support for Taiwan in Washington. Taiwan's failure to pass a budget for arms procurement has caused Washington policymakers to question whether Taiwan's political system is hopelessly cramped by interparty conflict, or worse, whether Taiwan's leaders no longer see the need for Taiwan to defend itself. There is a growing sense among some old friends of Taiwan's in Washington that the U.S. should not spend the time and effort to prepare to defend Taiwan if Taiwan itself is unwilling to do its part. Beyond high-profile weapons systems, the Director said, the U.S. is eager to see Taiwan make meaningful progress on defense sustainability, survivability, hardening of key sites, and jointness.

¶3. (C) After blaming the DPP for the delay on the arms procurement issue, Soong insisted that it was the PFP who first advocated a "rational" policy on arms purchases, including anti-missile systems. The Director said the U.S. would appreciate Soong's help in resolving the defense budget issue, and urged him to act before the U.S. faces its own change of leadership in 2008, at which time a new president might choose to rethink U.S.-Taiwan defense policy. Soong stopped short of making any promises, but agreed that Taiwan's leaders should strive to find common ground to resolve the defense budget impasse.

14. (C) Soong expressed concern that the Deep Green is offering to support President Chen in exchange for a commitment from Chen to pursue controversial issues such as name change and a new constitution during the two remaining years of his presidency. Soong said he and his party will oppose any Deep Green push to upset the status quo.

15. (C) Soong noted he had just come from a meeting with seven of the eight independent legislators to discuss plans for the next session of the LY. The consensus was to avoid any action which might aggravate cross-Strait tensions, and to postpone any decision on a second recall or no-confidence vote, pending the outcome of ongoing corruption investigations. The hope, Soong said, is that the DPP will readjust its decision to support Chen, creating an environment where Chen could decide to step down voluntarily, or the DPP might choose to support a recall against him.

16. (C) The Director asked whether a no-confidence vote against Premier Su Tseng-chang wouldn't be aiming at the wrong target, since Su hadn't been implicated in any scandal, and had been performing well as premier. Soong agreed, and claimed it was he who convinced KMT Chairman Ma Ying-jeou to pursue a recall effort against President Chen in lieu of a no-confidence vote against Su, who had done nothing wrong. Ma initially favored a broadside against both Chen and Vice President Annette Lu, Soong said, premised on the corruption and general incompetence of Chen's administration, in hopes of forcing one or both to step down. Ma's goal was then to compel the DPP government to accept Pan-Blue "majority rule"

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in the Legislative Yuan, and to agree to allow the Pan-Blue opposition to appoint the next premier.

17. (C) Soong said he told Ma that he supported the "majority rule" idea in principle, but the timing was wrong. Instead, Soong urged, the Pan-Blue should focus their attack on Chen alone, based solely on the corruption scandals swirling around his administration. Ma ultimately gave in to support the recall, but, over Soong's objection, the KMT-drafted recall bill favored Ma's shotgun approach, listing ten different reasons for Chen's ouster. Soong said Ma's lack of focus made it easier for the DPP to characterize the recall as a partisan attack, which Chen then used to rally the party to his defense. Soong suggested that a second recall bill against Chen might succeed this fall if limited to the corruption issue. However, the PFP would probably oppose a no-confidence vote for fear Chen might dissolve the LY, which, after the election, could leave the PFP with no seats.

Soong for Mayor

18. (C) Soong told the Director he had decided to run for Taipei mayor as an independent. Soong criticized the KMT candidate, former EPA minister and New Party member Hau Long-bin, for failing to support the 2004 Lien-Soong presidential ticket, and for supporting Ma Ying-jeou's DPP opponent in the 2002 Taipei mayoral race. Soong, a former provincial governor, said Hau also lacked the requisite experience to be Taipei mayor. Soong asserted that Ma's advisors had not yet ruled out the possibility of asking Hau to step aside for a Soong mayoral candidacy, in exchange for Soong's promise to sit out the 2008 presidential race. (Note: KMT Organizational Affairs Director Liao Feng-te told AIT on July 18 that Ma had already flatly rejected this possibility. Also, Soong's seeming confidence in his mayoral prospects is belayed by recent poll figures, which show support for Soong at just 8 percent, badly trailing front-runner Hau (46 percent) and also trailing DPP candidate

Frank Hsieh (18 percent). End note.)

Comment

[19](#). (C) James Soong is a wily, if unprincipled politician, who has managed to position his small legislative faction (21 out of 221 members) in a pivotal posture on such key issues as Chen Shui-bian's future and military procurement budgets. People seem afraid to cross Soong, possibly because he harbors deep and embarrassing secrets about the KMT's past. The question is how long Ma Ying-jeou and other KMT heavies will permit this aging Blue tail to wag the dog.
YOUNG